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*Corp report*

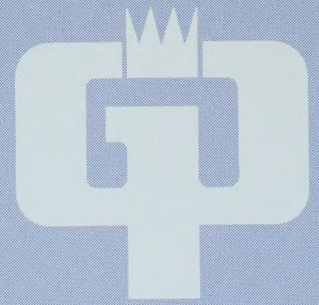
# 1971

IMPERIAL GENERAL PROPERTIES LIMITED ANNUAL REPORT





# IMPERIAL GENERAL PROPERTIES LIMITED



Head Office Building — 25 Wingold Avenue, Toronto



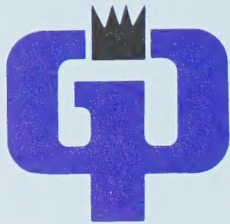
# ANNUAL REPORT 1971

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**IMPERIAL GENERAL  
PROPERTIES LIMITED**

**HEAD OFFICE:**

25 Wingold Avenue,  
Toronto 19, Ontario, Canada

**DIRECTORS:**

MORRY WINGOLD  
Chairman of the Board and  
Chief Executive Officer,  
Imperial General Properties  
Limited

LOUIS WINGOLD  
President and Treasurer,  
Imperial General Properties  
Limited

MATTHEW C. DEANS  
Chairman of the Board  
Bankers Securities of Canada  
Limited

BARRY N. SHAPIRO  
President, Dominion Gasket and  
Manufacturing Company Limited

ROBERT M. MASTERS, Q.C.  
Partner,  
Brown, Masters & Brown

STEPHEN M. PUSTIL, C.A.  
Chartered Accountant  
and Financial Consultant

SIMON B. SCOTT  
Associate, Borden, Elliot,  
Kelley & Palmer

**OFFICERS:**

MORRY WINGOLD  
Chairman of the Board and  
Chief Executive Officer,

LOUIS WINGOLD  
President and Treasurer

BARRY N. SHAPIRO  
Vice-president

ROBERT M. MASTERS, Q.C.  
Secretary

EDITH C. YORK  
Assistant-Treasurer

**AUDITORS:**

TOUCHE ROSS & CO.  
Toronto

**LEGAL COUNSEL:**

BROWN, MASTERS & BROWN  
Toronto

**REGISTRAR AND  
TRANSFER AGENT:**

MONTREAL TRUST COMPANY  
Toronto, Montreal  
and Vancouver

**BANKERS:**

ROYAL BANK OF CANADA  
Main Branch, Toronto



TODAY...



The Diplomat I and Diplomat II, Burlington, Ontario, 1971

YESTERDAY...



Remember When . . .

The first project constructed by the Company, 1949  
5000 sq. ft. industrial building — Clarkson Ave., York Township





**IMPERIAL GENERAL  
PROPERTIES LIMITED**

# REPORT TO THE SHAREHOLDERS

On behalf of your Board of Directors I am pleased to submit herewith the annual report of your Company for the fiscal year ended October 31, 1971, including the financial statements and the report of your auditors thereon. During the year under review your Company achieved record earnings. Monetary controls were eased, mortgage interest rates were lowered and mortgage funds were readily available. The Real Estate industry generally prospered and Imperial General Properties Limited by prudent and aggressive management reaped the benefit of this improved situation.

During the year your Company expanded its activities, made several important changes in its Real Estate holdings and substantially improved its financial position, all of which is reflected in the financial statements. Registered lots amounting to \$4,906,000 were sold to builders, and residential and industrial construction amounting to \$4,269,000 was completed. Gross rental income increased by \$490,000 to \$2,375,000 and our Net Earnings tripled over our last fiscal year.

During the year the Company leased 224,000 sq. ft. of industrial buildings in our investment portfolio. Included in this amount are leases on newly constructed buildings, expired leases on company owned buildings which were renegotiated, and an industrial building acquisition. Your Company has completed and rented a second apartment building in Burlington, Ontario. Rental income from the foregoing leases, as well as from properties presently under construction, will further increase the Company's Net Rental Income for 1972 and subsequent periods.

For the fiscal year 1971 Net Earnings after Deferred Taxes were \$742,000 compared with \$248,000 for the previous year. Net Income after Deferred Taxes increased to 59¢ per share compared to 20¢ per share for the previous year.

Cash Flow for 1971 was \$1,662,000 or \$1.33 per common share compared with \$666,000 or 53¢ per share a year earlier. The cash flow figure indicates the amount of money the Company generates internally which is used to meet its obligations, including





**IMPERIAL GENERAL  
PROPERTIES LIMITED**

mortgage principal repayments and to finance growth in operations. This figure is arrived at by adding to the net income all non cash income charges, such as deferred income taxes and depreciation.

In August, 1971, your Company signed a lease, prepared plans and commenced construction of a 140,000 sq. ft. industrial building. Under the terms of our lease the Company contracted to complete the building by December 21, 1971. I am pleased to report that this major project was fully completed on December 1, 1971, three weeks ahead of schedule and well within our projected cost budget. Imperial General Properties Limited has the knowledge and capabilities to erect major industrial buildings competitively and profitably. Photographs of this project under construction and completed are shown elsewhere in this report.

During the year your Company has consolidated most of its short term indebtedness on more favourable rates and terms. This resulted in a strengthening of your Company's financial position and a reduction in operating costs which should be reflected in higher earnings.

Management has planned a full program of development and construction through 1972 and will maintain efforts to increase rental income and earnings for the benefit of all shareholders of the Company.

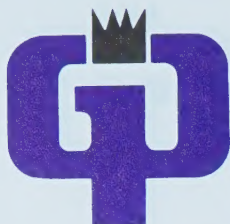
January 25, 1972.

MORRY WINGOLD  
Chairman of the Board and Chief Executive Officer

I regret to report the resignation in December of Mr. Simon Scott, associate in the law firm of Borden, Elliott, Kelley & Palmer, as a Director of your Company. Mr. Scott has ably served as a Director since your Company became a public company in January, 1969, and I wish to extend the thanks and appreciation of the shareholders to Mr. Scott for his valued help and contribution.

As Chairman of the board, I wish to thank all of my Directors, and in particular Mr. Stephen Pustil who was elected to the Board of Directors this past year, for their untiring efforts and dedication on behalf of the Company.

On behalf of all shareholders I wish to extend sincere thanks and appreciation to all of the employees of the Company for their loyalty and faithful service, which has contributed immeasurably to the success of the Company.



**IMPERIAL GENERAL  
PROPERTIES LIMITED**

**consolidated  
balance  
sheet**

**As at October 31, 1971  
(with comparative figures for 1970)**

<b>assets</b>	<b>1971</b>	<b>1970</b>
Mortgages receivable (Note 3)	\$ 5,009,845	\$ 1,015,925
Land for development at cost (Note 4)	2,394,426	4,915,590
Properties under construction at cost (Note 4)	1,788,253	2,004,055
Income properties less accumulated depreciation of \$428,303; 1970 — \$301,438 (Note 5)	18,696,685	16,277,391
Investment in and advances to affiliated companies —at cost	140,996	146,629
Accounts receivable	299,980	105,400
Prepaid expenses and sundry assets	76,132	107,360
Furniture, equipment and vehicles at cost less accumulated depreciation of \$42,906; 1970 — \$22,656	62,749	74,448
Organization and financing expenses less amortization	71,647	81,893
	<u>\$28,540,713</u>	<u>\$24,728,691</u>

On behalf of the board

*Murray Wingold*  
Director

*Louis Wingold*  
Director



## liabilities

	1971	1970
Bank indebtedness—secured	\$ 734,329	\$ 283,787
Accounts payable	1,543,439	864,892
Tenants' deposits	190,174	84,664
Secured loans (Note 6)	3,482,672	2,755,160
Mortgages secured by mortgages receivable (Note 7)	1,856,450	—
Mortgages on land for development (Note 8)	789,868	2,914,824
Mortgages on properties under construction (Note 9)	382,868	1,048,830
Mortgages on income properties (Note 10)	8,559,572	7,241,542
Deferred income taxes (Note 11)	1,242,153	477,008
	<u>18,781,525</u>	<u>15,670,707</u>
Provision for contingent liability (Note 12)	<u>319,537</u>	<u>360,358</u>

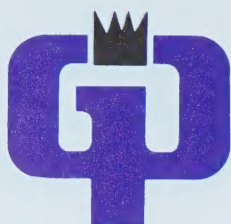
## shareholders' equity

Capital stock (Note 13)	7,984,603	7,984,603
Retained earnings	<u>1,455,048</u>	<u>713,023</u>
	9,439,651	8,697,626
	<u>\$28,540,713</u>	<u>\$24,728,691</u>



**IMPERIAL GENERAL  
PROPERTIES LIMITED**





**IMPERIAL GENERAL  
PROPERTIES LIMITED**

**consolidated  
statement of  
income**

year ended October 31, 1971

(with comparative figures for 1970)

	1971	1970
Rental income	\$2,375,093	\$1,885,073
Rental expenses		
Mortgage interest	782,984	689,488
Property operating expenses	515,541	376,102
Depreciation (Note 5)	126,896	121,505
	1,425,421	1,187,095
Sale of townhouses	949,672	697,978
Cost of sales	\$ 2,227,044 2,136,397	—
Sale of land for development	90,647	—
Cost of sales	4,905,900 4,323,153	—
Interest income	582,747 186,422	32,994
Other income	33,342	47,054
	1,842,830	778,026
Expenses		
General and administrative	287,856	210,429
Interest other than mortgage interest on income properties	33,759	36,402
Amortization of organization and financing expenses	10,247	10,247
	331,862	257,078
Income from operations	1,510,968	520,948
Deferred income taxes (Note 11)	768,943	273,089
Net income	\$ 742,025	\$ 247,859
Net income per share		
Before deferred income taxes	\$1.21	\$0.42
After deferred income taxes	\$0.59	\$0.20

**consolidated  
statement of  
retained  
earnings**

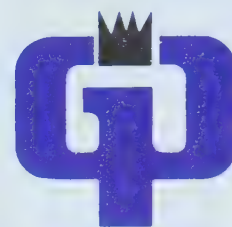
year ended October 31, 1971

(with comparative figures for 1970)

	1971	1970
Retained earnings November 1	\$ 713,023	942,664
Net income for year	742,025	247,859
	1,455,048	1,190,523
Dividends	—	62,500
Provision for contingent liability relating to prior years' income taxes (Note 12)	—	415,000
	—	477,500
Retained earnings October 31	\$1,455,048	\$ 713,023



Source of cash	1971	1970
Operations		
Net income	\$ 742,025	\$ 247,859
Add: Charges not requiring cash outlay		
Deferred income taxes	768,943	273,089
Depreciation and amortization	150,549	145,287
	<u>1,661,517</u>	<u>666,235</u>
Investments decrease (increase)		
Land for development	2,521,164	(443,273)
Properties under construction	215,802	703,169
	<u>2,736,966</u>	<u>259,896</u>
Proceeds of mortgages	3,320,520	3,463,248
Accounts payable increase (decrease)	678,547	(137,007)
	<u>8,397,550</u>	<u>4,252,372</u>
Use of cash		
Mortgage receivable increase (decrease)-net	3,993,920	(172,948)
Mortgage principal repayments	2,209,446	1,691,992
Investment in income properties	2,546,190	3,223,414
Net change in other assets and liabilities	57,715	302,800
Dividends	—	62,500
Income taxes re prior years	40,821	54,642
	<u>8,848,092</u>	<u>5,162,400</u>
Decrease in cash	<u>\$ 450,542</u>	<u>\$ 910,028</u>



**IMPERIAL GENERAL  
PROPERTIES LIMITED**

**consolidated  
statement of  
source  
and use  
of cash**

**year ended October 31, 1971  
(with comparative figures for 1970)**



# notes to consolidated financial statements

October 31, 1971

## 1. Accounting policies

The accounting policies followed by the company and the disclosure of its financial information are in accordance with the recommendations of the Canadian Institute of Public Real Estate Companies (CIPREC). Adherence to these recommendations did not require any change in the accounting policies previously followed.

## 2. Principles of consolidation

The accounts include the Company's share of the assets, liabilities and income of Northline Realty Limited, its only active subsidiary.

## 3. Mortgages receivable

These mortgages which result principally from the sale of land are detailed as follows:

Due date	Rate	Amount
April 1972	7%	\$ 234,175
September 1972	8%	781,750
October 1972 - January 1973	8 1/2%	1,821,600
March 1973 - July 1973	8%	2,099,925
		<u>4,937,450</u>
Second mortgages arising on sale of townhouses at an average rate of 12% due in three years.		72,395
		<u>\$5,009,845</u>

## 4. Land for development and properties under construction

The accumulated costs of the above properties include the following capitalized expenses directly attributable to holding the properties during the period of development and construction.

- Interest and property taxes
- General overhead and secondary financing costs

For the year ended October 31, 1971, the total of such costs capitalized amount to \$591,627 (1970 - \$700,781)

## 5. Income properties

Properties owned by the Company as at September 30, 1968 are stated at an appraised value of \$10,762,000 as determined by the Montreal Trust Company at that date. Subsequent additions are stated at cost.

Depreciation of income properties is provided on a 50 year sinking fund basis for apartment buildings and a 40 year basis for commercial and industrial buildings, each calculated with an interest factor compounded at 5% per annum.

## 6. Secured loans

These loans which bear interest at an average rate of 10.6% per annum are secured by income properties. Principal repayments are as follows:

Year ending October 31, 1972	\$1,170,000
1973	—
1974	2,087,672
1975	225,000
	<u>\$3,482,672</u>

## 7. Mortgages secured by mortgages receivable

The average interest rate on these mortgages is 7.3% per annum and principal repayments are as follows:

Year ending October 31, 1972	\$1,457,350
1973	399,100
	<u>\$1,856,450</u>

## 8. Mortgages on land for development

The average interest rate on these mortgages is 10.0% per annum and principal repayments are as follows:

Year ending October 31, 1972	\$ 412,518
1973	377,350
	<u>\$ 789,868</u>

## 9. Mortgages on properties under construction

These include land mortgages and advances received on permanent first mortgage financing.

Principal repayments are as follows:

Land mortgages (average interest rate 9.9%)	
Year ending Oct. 31, 1972	\$ 137,846
1973	180,000
First mortgages, 9.25% due 1972	
Advances received	65,022
	<u>\$ 382,868</u>

## 10. Mortgages on income properties

These are mainly first mortgages, with interest at an average rate of 7.2% per annum and are repayable as to principal as follows:

Year ending	
October 31, 1972	\$ 644,892
1973	1,318,939
1974	1,264,213
1975	1,149,051
1976	582,371
1977 and subsequent	3,600,106
	<u>\$8,559,572</u>



### 11. Deferred income taxes

In reporting profits for tax purposes the 1971 income will be wholly offset by certain costs capitalized during the year (see Note 4) as well as by capital cost allowances in excess of depreciation recorded in the accounts. Consequently the tax liability with respect to 1971 income will be deferred to future periods.

### 12. Provision for contingent liability

Re-assessments of income taxes relating to the individual companies amalgamated in 1968 have been received in a total amount of approximately \$415,000 with respect to the years 1962 through 1965. Re-assessment of subsequent years is also under consideration. Although the re-assessments receivable are under appeal and management is of the opinion that on final settlement a reduction will be obtained, the total amount has been recorded as a "provision for contingent liability" by a charge to retained earnings and the Company has agreed to pay \$2,500 per month pending settlement. As security, the Company has also given collateral mortgages totalling \$390,786 on land held for development. Payments of \$40,821 were made during the year against these assessments.

An inactive subsidiary without assets has also received re-assessment of about \$270,000. In the opinion of legal counsel these re-assessments are "unsound and quite clearly excessive . . . if any re-assessment is justified, it would be in respect of an amount considerably less than the present re-assessment". No provision for this contingency has been made in these consolidated accounts.

### 13. Capital stock

Preference shares	
Authorized	
250,000 shares with a par value of \$20 each	
Issued-Nil	
Common shares	
Authorized	
3,000,000 shares without par value	
Issued and fully paid	
1,250,000 shares	<u>\$7,984,603</u>

The Company has reserved for issuance an aggregate of 250,000 common shares as follows:

Warrants—200,000 shares for issuance upon exercise up to December 31, 1974 of outstanding share purchase warrants at \$9 per share.

#### Employees' Stock Option Plan —

50,000 shares for issuance under options to employees. To date, options expiring November 25, 1973 for 25,000 of these shares have been granted under the plan to certain officers of the Company at \$7.50 per share.

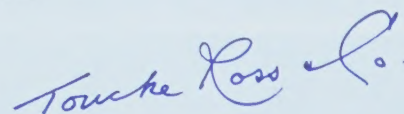
### 14. Remuneration paid during the year to directors and senior officers amounted to \$152,618 (1970 - \$135,959).

## auditors' report

The Shareholders,  
Imperial General Properties Limited.

We have examined the consolidated balance sheet of Imperial General Properties Limited and its subsidiaries as at October 31, 1971 and the consolidated statements of income, retained earnings and source and use of cash for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

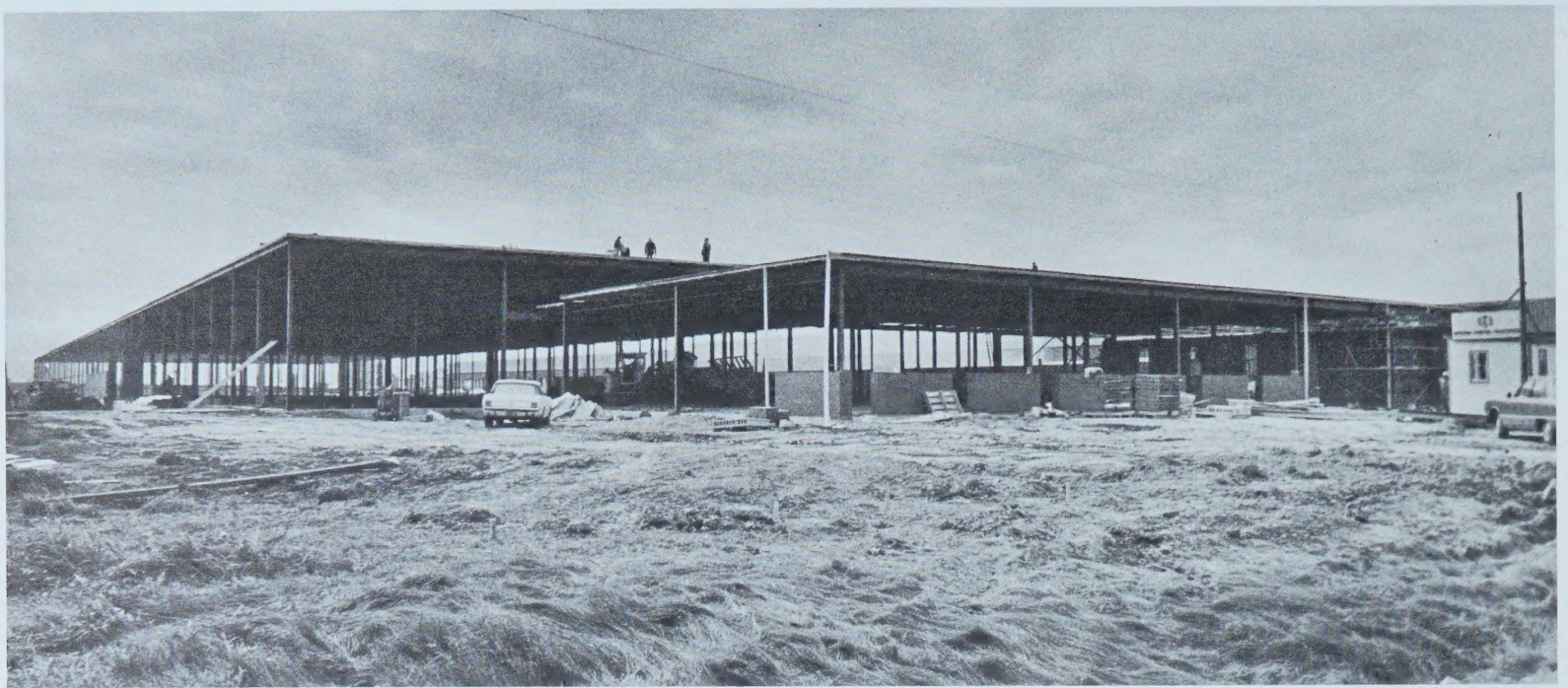
In our opinion these consolidated financial statements present fairly the financial position of the companies as at October 31, 1971 and the results of their operations and the source and use of their cash for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Chartered Accountants

Toronto, Ontario,  
January 14, 1972





### Progress Report

140,000 Sq. Ft. Industrial Building — Snidercroft Road, Vaughan Township  
for Torcan Manufacturing Company  
one of Canada's leading electrical appliance manufacturers.

Commencement Dates:—

20 year lease signed with David Kates,  
President of Torcan Manufacturing  
Company, August 6, 1971

Meeting with Architect August 7, 1971

Excavation August 16, 1971

Steel erection September 13, 1971

Office area closed in October 27, 1971

Warehouse closed in November 4, 1971

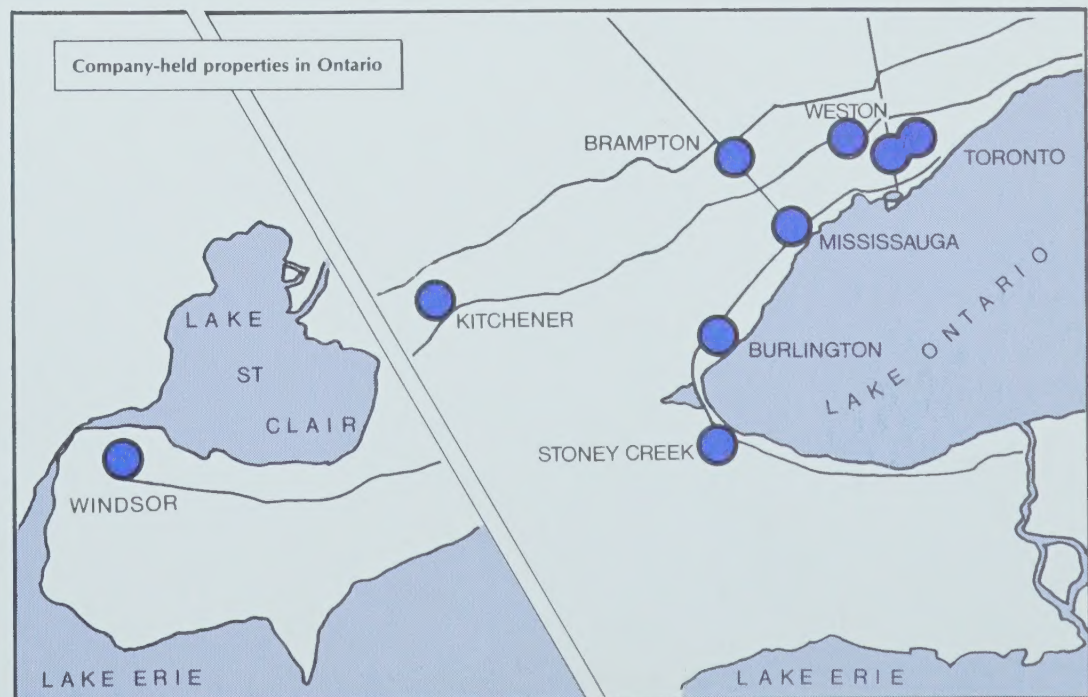
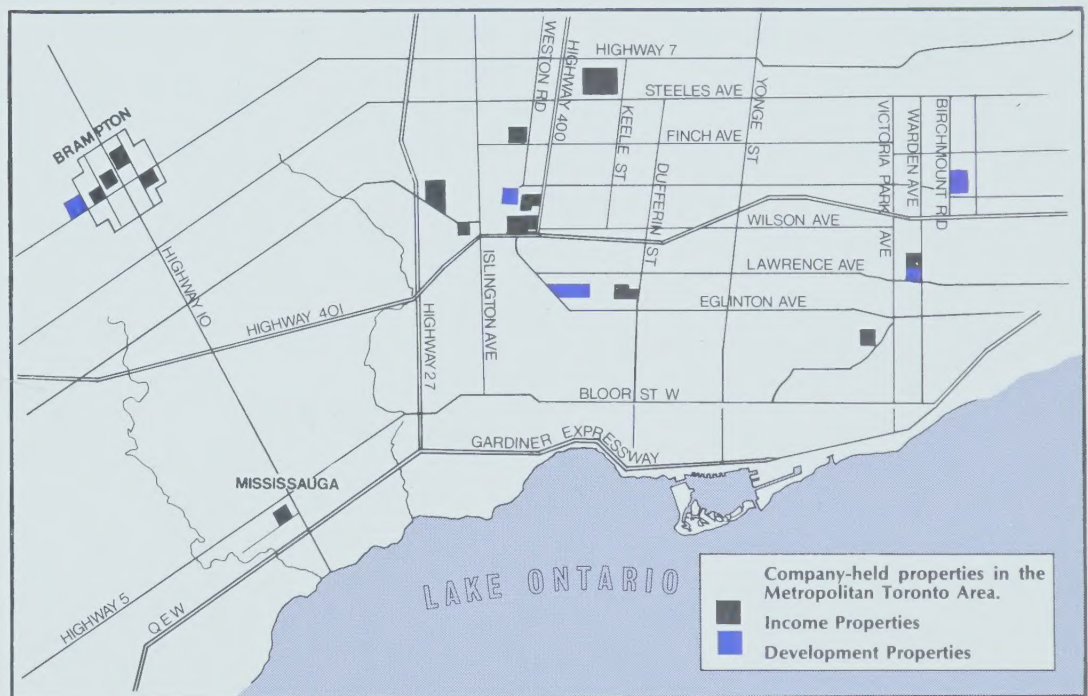
Building completed December 1, 1971

**Total Construction Time — 14 Weeks**

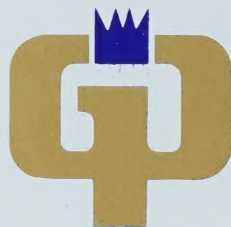




## company-held properties







**IMPERIAL GENERAL  
PROPERTIES LIMITED**